



International Agricultural Trade Report

Beef, Pork, Dairy & Poultry 2001 Trade Update

December 7, 2000

FY 2001 Trade Forecast

Summary

The December FY2001 export forecast for DLP commodities is at a record \$11.9 billion, up \$400 million, or 4 percent, from the August projection and marginally larger than FY2000. Red meat, dairy products, and hides and skins export values are forecast higher, while poultry and other livestock products export values remain mostly unchanged from the August forecast.

Red Meat: The FY 2001 export forecast for red meat is revised higher from the August projection at \$5.2 billion and 1.8 million tons due to an increase in beef exports. Beef and veal exports are revised up 5 percent to 850,000 tons. Although the unit value declined slightly, the beef export value is expected to rise to \$3.2 billion. Exports to Japan, Mexico, Korea, and Canada are anticipated to increase slightly from the August projections. Beef variety meat, cattle genetics, and cattle exports are unchanged. The FY 2001 pork export forecast is unchanged from the August forecast of 450,000 tons valued at \$1.3 billion as strong demand continues in Japan and Mexico. Higher valued fresh, boneless cuts are forecast to expand from year ago levels as the United States takes a portion of Korea's share in Japan and Mexico's economy continues to grow. Pork variety meat and hog exports are forecast to remain unchanged.

Poultry: For FY 2001, poultry product exports are forecast at \$2.2 billion, unchanged from August and down marginally from FY 2000. Poultry meat exports are forecast at 2.8 million tons valued at \$1.9 billion. The volume forecast was raised slightly, but the unit value is forecast lower from August. The total value of poultry meat exports remained unchanged from August at \$1.9 billion. Exports to Russia and China continue to show considerable strength. However, the two countries primarily import the lower priced chicken parts which have kept the unit value of total broiler exports down. Export forecasts for eggs and egg products and live poultry remain unchanged at \$175 million from FY 2000.

FY 2001 Export Forecasts for DL&P Products

Revised Forecast for 2001: \$400 Million to \$11.9 Billion

Revised FY 2001 Forecast (since Aug)

Key Upside Developments

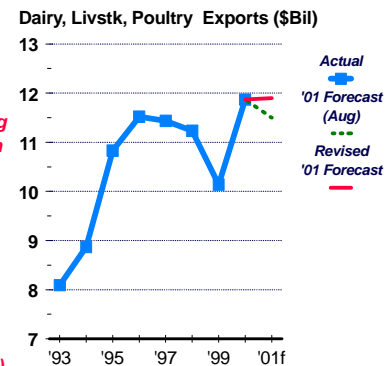
- Despite higher prices (as supplies tighten), export volume remains strong
- Increase in beef volume, esp. to Japan & Mexico, despite higher prices
- Little change to poultry export volumes and value

Key Downside Developments

- Slower hog exports as Mexico's anti-dumping duty continues

Wild Cards

- Disease and health restrictions (eg. BSE in Europe, FMD in S.America)
- Russian economic recovery



Dairy: For FY 2001, dairy products are forecast at \$950 million, up \$25 million from the

August forecast, but essentially unchanged from last year. Cheese and whey product exports are especially strong. Demand from Asian countries is expected to continue to recover and even Russia may show some growth. Despite favorable demand conditions, U.S. export volume may not increase as rising commercial exports only partially offset the reduction in DEIP allocations due to Uruguay Round commitments.

Hides and Skins: The FY 2001 total hides and skins forecast is raised to \$1.5 billion, reflecting a revision in the whole cattle hide segment of August's \$1.1 billion forecast and virtually unchanged from last year. The forecast decline in cattle slaughter will tighten hide supplies, thus raising prices. The higher prices should lead to increased export values, thereby offsetting a decline in volume. Continued strong export demand for whole cattle hides, especially in the key market of South Korea, is also expected to sustain the strong growth in export value.

Lard, Tallow, and Greases: The FY 2001 export forecast for lard, tallow, and grease is revised down slightly from the August estimate to \$0.4 million despite a small increase in volume. Exports are projected to be marginally lower than the previous year. Tightening supplies due to lower slaughter are expected to work to slow the growth in export volume in tallow in FY 2001. Weaker export prices, due mainly to SPS concerns, may prohibit an increase in total export value for tallow. Lard and greases should show a slight increase in exports, but not enough to offset the decline in tallow exports.

U.S. Livestock Exports Forecasts for FY 2001		
Value (Million \$)		
Exports	FY 2000	FY 2001
Total Beef	3.7	3.8
Total Pork	1.3	1.4
Poultry Products	2.3	2.2
Lard, Tallow, Grease	0.4	0.4
Dairy Products	0.9	0.9
Hides & Skins	1.5	1.5
Other Livestock	1.7	1.7
Total Livestock	11.9	11.9

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